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SUBJECT: CODEL KOLBE MEETINGS WITH EGYPTIAN OFFICIALS AT
THE WORLD ECONOMIC FORUM

Classified by DCM Stuart Jones for reasons 1.4 (b) and (d).

Summary

11. (C) Summary. A series of senior Egyptian officials told CODEL Kolbe at the World Economic Forum (WEF) that a process of real political reform is underway in Egypt and that opposition political leader Ayman Nour's sentencing was not a political act. President Mubarak told the delegation that U.S.-Egyptian relations are "unchangeable" and responded warmly to praise for Egypt's helpful role in the region. Prime Minister Nazif expressed disappointment with the recent public criticism of Egypt in the U.S., and urged that U.S. bilateral aid not be linked to reform. The President's son Gamal Mubarak stressed that the previous year's presidential and parliamentary elections, despite their flaws, were a bigger turning point than most people, inside Egypt and out, realized. He dismissed any comparison of Egypt to the Shah's Iran, and urged that Washington not try to micromanage Egypt's political reform process. End summary.

12. (U) Members of the Delegation included: Rep. Jim Kolbe (R-AZ), Rep. Nita Lowey (D-NY), Rep. Howard L. Berman (D-CA), Rep. James P. Moran (D-VA), Rep. Roger Wicker (R-MS), Rep. Carolyn Kilpatrick, (D-MI), Rep. Brian Baird (D-WA), and Mr. David Adams, Staff Director for the House International Relations Committee. Ambassador Ricciardone and an Embassy notetaker accompanied the CODEL.

President Mubarak: Political Reform Underway

13. (C) During a 90-minute breakfast May 22, President Mubarak explained to Chairman Kolbe and his delegation that a process of political reform was well underway in Egypt, and noted that the focus of the process had shifted to parliament. Important parliamentary scrutiny of the constitution was taking place, he said, and based on parliament's recommendations, parts of the constitution will be amended. The process will take time, he warned, with a step-by-step approach. Noting he is "keen on democracy," the President derided recent political demonstrations in Egypt by suggesting that the demonstrators themselves did not have a clear idea of what they were demonstrating about.

14. (C) Underscoring the President's comments on the reform process, Prime Minister Nazif emphasized that the process has as its objectives more accountability, a redistribution of political power between the president and cabinet, a better representation in parliament by opposition parties, and more participation by women and minority groups in parliament. An open debate is expected, Nazif said, and the process would include referenda. There is a timetable, the PM insisted; the government is serious and committed. Chairman Kolbe asked if the Prime Minister could share the timetable with the members of the delegation, and Nazif readily promised to do so.

15. (C) In response to concerns raised by the CODEL on the conviction and sentencing of former presidential candidate Ayman Nour on forgery charges, Mubarak argued that Nour's case was criminal, not political. The President called on Nazif to recount Nour's criminal past, which included an illegal Internet telephone operation Nour allegedly profited from, and the allegation that Nour made a blatant attempt to forge photographs showing torture of prisoners in jail. When the former case was brought to Mubarak's attention, the President decided not to prosecute Nour. Nour's wife, the PM noted, had done a masterful job at spinning his story in the media and deserved credit for much of the attention that her husband is getting.

16. (C) Responding warmly to comments of appreciation made by several members of the delegation for Egypt's friendship and critical role in the region, Mubarak said that the U.S.-Egyptian relationship was "unchangeable," but warned the

delegation to be cognizant of Egypt's stability.

Prime Minister Nazif: Criticism Among Friends

17. (C) In a May 21 meeting, Prime Minister Nazif noted common U.S. and Egyptian values and interest in peace, and urged the CODEL to put minor bilateral political differences into the context of our important overall strategic relationship. Replying to Chairman Kolbe about the upcoming debate in Congress in which some members might express a desire to cut FMF funding for Egypt, the Prime Minister said that he wanted to offer ammunition for a positive outcome of the debate. On Ayman Nour, he foreshadowed the President's comments by noting that the jailed politician was not "our whole reform agenda," adding that Nour was in jail because of a strong and independent judiciary. The results of the presidential elections had been clear. Ayman Nour ran freely and got only seven percent of the vote. The Egyptian people had spoken and President Mubarak had won fair and square. There was no need to put Nour in jail for political reasons, according to the PM. In response to a question from a member of the CODEL, Nazif said that a USD 200 million cut in aid from the United States would hardly dent the budget, but it would, he said, put a big dent in the public side of our relationship. We are your friends, he lamented, and we are disappointed that you believe that we have to be reprimanded.

18. (C) In response to concerns raised by Representative Moran regarding the treatment of judges who had criticized the conduct of the parliamentary elections, Nazif explained that the magistrates had not been jailed, but reprimanded because of their criticism of other judges' actions. The major outcome of the elections, he noted, was that the Muslim Brotherhood had increased their number of seats from 17 to 88. This was a significant gain, and was indicative of the process. Political reform was underway. He urged the United States to guide Egypt along the way, but not to use aid as a means to do so.

Gamal: Egypt is not Iran; Don't Try to Micromanage Us

19. (C) In a meeting with Gamal Mubarak on May 22, Chairman Kolbe noted the negative attention Egypt was drawing in the U.S. with the sentencing of Ayman Nour, the prosecution of judges who criticized the conduct of last year's parliamentary elections, and the violent GOE response to demonstrations in support of the judges. The Chairman explained that these events were strengthening the conviction of some on the Hill that it was time for serious scrutiny of the Egypt assistance programs.

10. (C) Gamal responded vigorously, even heatedly. He explained that he had visited Washington less than two weeks prior to the WEF and had heard Congressional concerns first-hand. Mubarak tried to focus his interlocutors' attention on the big picture of reform. He stressed that the previous year's presidential and parliamentary elections, despite their flaws, were a bigger turning point than most people, inside Egypt and out, had realized. The elections had empowered civil society and the media, and opened up new constitutional issues that President Mubarak was determined to address.

11. (C) Specifically, Gamal suggested that Article 74 of the constitution would be amended to limit the powers of the president and other amendments would be pursued to better balance the relationship between the executive, legislature, and judiciary. The state of emergency would be lifted and replaced with an anti-terror law that protected civil liberties, the budget drafting process would be changed, and greater authority and control of spending would be devolved to local authorities.

12. (C) Representative Moran said that the U.S. and Egypt were at a "crucial time" in the bilateral relationship. Egypt is a "good friend," but President Mubarak is increasingly perceived on the Hill as "imperious and undemocratic." There was a fear expressed by some of a repeat of the Iranian revolution in Egypt and called for a stable transition to an inclusive government, stressing that the U.S. does not want to lose a strategic ally the way it lost Iran.

13. (C) Gamal dismissed the comparison. Egypt, he said, is a much more vibrant society far more open to political debate than the Shah's Iran. Gamal said that some (i.e., Islamists) want to use the tools of democracy "to take Egypt backward." He made specific reference in this regard to the judiciary, arguing that some had intentionally fomented confrontation over debate in the discussions between the government and judges regarding judicial independence. While expressing understanding that recent events were worrying to many in

Washington, he urged Congress to keep an eye on the big picture of reform and not micromanage the relationship. "Nobody in Washington acknowledges the progress we're making," Gamal complained, "they only look at the setbacks." He returned to the theme later, stressing that matters like the judges dispute or the violent response to demonstrations need to be looked at in a larger context. These, he implied, were temporary setbacks in the GOE's overall march toward reform.

14. (C) Asked by Chairman Kolbe about the potential impact of a \$200 million cut in FMF, Gamal replied that "the money is not the issue." More important, he explained, would be the symbolic blow to the relationship and the perception that the U.S. is using assistance as a club. He claimed that the GOE is already subject to public criticism for demeaning itself by accepting conditions on U.S. assistance. The benefits of assistance are overshadowed by public anger over U.S. policy in the region.

15. (C) Stressing that he was speaking frankly, Gamal said that by pursuing greater democratization Egypt was "going into uncharted territory." The issue should not be the amount of assistance Egypt gets tomorrow but rather the nature of the U.S.-Egypt relationship for the next decade. The debate over assistance, he emphasized, just "poisons the atmosphere."

Trade, Not Aid

16. (C) Gamal said that he wanted a bilateral relationship based on a deep trade and economic relationship, not on assistance. He recalled the GOE's efforts, going back to Deputy Secretary Zoellick's tenure as USTR, to resolve various commercial disputes and lower some trade barriers in order to lay the groundwork for Free Trade Agreement (FTA) negotiations. He argued that, in Egypt's very conservative culture, economic reform was not popular. He lamented that Egypt's economic reformers were undermined by the U.S. unwillingness to begin FTA negotiations.

Gamal on Ayman Nour

17. (C) At the conclusion of the meeting, Representative Lowey expressed concern that Nour's conviction had been upheld a few days earlier. Gamal responded vehemently, arguing that on May 18 Nour's conviction had been affirmed by Egypt's highest court and that there was nothing the GOE could do to "get rid of" the issue. Egypt's judiciary, Gamal insisted, is "untouchable" and the Egyptian president does not have any authority under the constitution to remove a case from the courts.

18. (U) CODEL Kolbe did not have an opportunity to clear this message before departing Egypt.
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